

Memorandum

To: Panel Members Date: March 27, 2003

From: Ron Tagami, Manager
Peter DeMauro, General Counsel Analyst: S. Lipkin

Subject: One-Step Agreement for **California Commerce Bank**
(www.ccbusa.com)

CONTRACTOR:

- Training Project Profile: Retraining: companies with out-of-state competition
- Legislative Priorities: Moving to a High Performance Workplace
- Type of Industry: Finance and Insurance
- Repeat Contractor: No
- Contractor's Full Time Employees:
 - Company Wide: 250,000
 - In California: 11,000
- Fringe Benefits: Yes
- Union Representation: No
- Name and Local Number of Union representing workers to be Trained: N/A

CONTRACT:

- Program Costs: \$224,900
- Substantial Contribution: \$0
- Total ETP Funding: \$224,900
- In-Kind Contribution: \$396,862
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Los Angeles
- Duration of Agreement: 24 months

SUBCONTRACTORS:

CompUSA, Woodland Hills, California, \$8,500 for training.

Mike Deblieux HR, Tustin, California, \$9,000 for training.

New Horizons, Culver City, California, \$7,000 for training.

Crestcom, Santa Monica, California, \$5,500 for training.

Training Funding and Human Resources, Seal Beach, California, 9,500 for administration.

THIRD PARTY SERVICES:

Training Funding and Human Resources assisted with the preparation of the training plan, curriculum, Single Employer Certification, and other Agreement requirements. The amount reimbursed for services is \$9,500, which the applicant states is based on a flat rate.

NARRATIVE:

California Commerce Bank (CCB) is a bank which serves its customers mainly by telephone, facsimile, or personal computer. As an interstate electronic bank, approximately 85% of its customers are located outside California. Founded in 1965, the company has a total of 187 workers in California who are part of the parent company of Citigroup Inc. which has a total of 11,000 workers in California. CCB reports that electronic banking is an extremely competitive business which requires it to be fully knowledgeable of banking technology and to provide personal oriented customer service to its customers.

CCB is eligible for ETP funding under the out-of-state competition provisions outlined in Title 22, California Code of Regulations, Section 4416(a)(3) and (4) for a company which provides a service out-of-state and provides a service in the state in competition with providers of the same service which are located outside the state.

CCB contends that in the last three years, competition has become fierce for correspondent banks whose primary services include electronic banking. CCB admits that its competitive position has decreased due to a wider array of interstate banks offering its services. CCB has determined that it must increase employee performance in the use of technology and customer service skills so that workers will be able to provide better service to existing and prospective customers.

CCB has recently invested \$2,000,000 in new equipment and technology. The company has purchased hardware such as routers, servers, Local Area Network/Wide Area Network ancillary equipment, personal computer stations, and telecommunications equipment, along with software for customer relationship management, Microsoft Windows, Visual Basic and other in-house developed software.

CCB must train its current workers in the following types of training to meet its goals:

NARRATIVE: (continued)

Business Skills will be provided to Operations Staff, Credit and Collections, Customer Service Staff, Support Staff, Managers, and Supervisors. Business Skills training will improve workers' skills in product and financial management, marketing, time management, and communication. After training, CCB anticipates that workers will be able to complete projects in a more efficient manner, will provide better service to customers, will be able to communicate more effectively, will be able to use time more wisely, and will be able to handle difficult customers successfully.

Continuous Improvement will be provided to Operations Staff, Credit and Collections, Customer Service Staff, Support Staff, Managers, and Supervisors. Continuous Improvement training is designed to enhance productivity and increase operational efficiency. In training, workers will learn how to operate in a team environment. They will learn how to cope successfully with change by understanding the process, eliminating resistance to change, and making change itself a positive process.

Computer Skills will be provided to Operations Staff, Credit and Collections, Customer Service Staff, Support Staff, Managers, and Supervisors. With Computer Skills training, staff will learn all the software and bank operating systems to provide better customer service. After training, workers will understand how to utilize Microsoft and Crystal report writing as well as the other software systems currently in place.

Management Skills will be provided to Supervisors and Managers to improve morale, loyalty and productivity. CCB expects that after training, Managers and Supervisors will be able to structure and communicate in meetings to involve employees which will increase worker empowerment and take advantage of the talents of all workers. Trainees will learn how to apply effective management techniques to improve employee performance and to effectively motivate workers.

Supplemental Nature of Training

CCB certifies that it needs to provide training to workers to meet its current needs, but lacks the financial resources to do so. Past training has been haphazard, unplanned, disorganized and limited to on-the-job (OJT) training. To date, CCB has provided only essential and basic training in Compliance with Bank Regulations, Affirmative Action, Security, and Safety training. This training has been available to very limited groups of employees such as Supervisors and Managers. Recent training has been unstructured and unplanned. As a result of the minimal training provided, CCB workers lag behind the competitive service levels of other inter-state electronic banks. CCB reports it has very competitive bank products, services and technologies, but the delivery of customer services is weak and lags behind company competitors.

The proposed ETP-funded training will include all workers and will include training that has not been offered in past years. Without ETP funds, the company will not be able to provide the required level of training to all employees due to lack of resources. After the ETP-funded training concludes, CCB plans to continue training by building upon the proposed training.

In-Kind Contribution

The employer contribution totals \$396,862 which is based on trainees' wages and health benefits while in training.

PROPOSED ACTION:

Staff recommends that the Panel approve this One-Step Agreement if funds are available and the project meets Panel priorities based on California Commerce Bank's stated need to provide employees with skills to enhance its ability to remain competitive, to grow, and to maintain a continuing relationship with its customers.

TRAINING PLAN:

Grp/Trainee Type	Types of Training	No. Retain	No. Class/Lab Videocnf. Hrs	No. CBT Hrs	No. SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
Job 1 Retrainee	Management Skills Business Skills Continuous Improvement Computer Skills	173	100	0	0	\$1,300	*\$11.92-\$47.87
						<u>Range of Hourly Wages</u>	
						*\$11.92-\$47.87	
						<u>Prevalent Hourly Wage</u>	
						\$19.75	
						<u>Average Cost per Trainee</u>	
						\$1,300	
<u>*Health Benefit used to meet ETP minimum wage:</u> Health benefits of at least \$1.59 per hour will be added to the base wage to meet the ETP minimum hourly rate of \$11.92 per hour for Los Angeles County.					<u>Turnover Rate</u>	<u>% of Mgrs & Supervisors to be trained:</u>	
					12%	14%	

CALIFORNIA COMMERCE BANK

MENU CURRICULUM

Hours

Class /Lab

100

Trainees will receive any of the following types of training:

Type of Training	Module
Business Skills	
1	Project Management
2	Customer Service
3	Interpersonal Communication Skills
4	Time Management
5	Effective Writing
6	Product Management & Support
7	Basic Accounting for Non-Accountants
8	Handling Difficult Customers
Continuous Improvement	
1	Operational Efficiency
2	Team Membership and Team Development
3	Performance and Productivity Enhancement
4	Coping with Change
Computer Skills	
1	Microsoft Excel
2	Microsoft Word
3	Microsoft Access
4	Power Point
5	Microsoft Outlook
6	Crystal Reporting
Management Skills	(For Managers and Supervisors only)
1	Making Meetings Work
2	Planning, Controlling, Delegating, and Evaluating Performance
3	Motivation